



This deduction is subject to review by the Iowa Department of Revenue.

Should the Department request it, the information below will be needed to verify whether you qualify for the deduction. Other information, in addition to that shown on this checklist, may also be required in some situations.

Gains from the sale of stocks or bonds DO NOT qualify for the deduction, with the following exception: effective with tax year 2012, 50% of the gain from the sale/exchange of employer securities of an Iowa corporation to a qualified Iowa employee stock ownership plan (ESOP) may be eligible for the Iowa capital gain deduction. To be eligible, the Iowa ESOP must own at least 30% of all outstanding employer securities issued by the Iowa corporation after completion of the transaction.

Location of Property: _____

Intended Use of Property: _____

Actual Use of Property: _____

Acquisition Date: _____ How Acquired: _____

Date of Sale: _____ Term of Sale (completed sale or installment sale): _____

Purchaser: _____

Purchaser's Relationship to Owner (if any): _____

**PART 1: MATERIAL PARTICIPATION TEST FOR SALE OF REAL PROPERTY OR SALE OF BUSINESS
MUST MEET AT LEAST ONE TO QUALIFY (CHECK ALL THAT APPLY):**

Detailed records should be kept by the taxpayer (on as close to a daily basis as possible) because the burden of proof is on the taxpayer to demonstrate material participation.

- ☐ Participates more than 500 hours in the tax year (records required)
- ☐ Participation constitutes all participation in the business (records required)
- ☐ Participates more than 100 hours in the tax year and no one else participates more (records required)
- ☐ Participates in two or more businesses, excluding rental business, and participates more than 500 hours in all businesses, or more than 100 hours in each business (records required)
- ☐ Participates in 5 of the last 10 years (records required)
- ☐ Participates in personal service activity for at least 3 years (records required)
- ☐ Participates more than 100 hours and based on the facts and circumstances, participates on a regular, continuous, and substantial basis (records required)



PART 2: SALE OF FARMLAND

1. Are you a retired farmer? Yes ☐ No ☐

If yes, provide the date you began receiving Social Security old-age benefits: _____

2. Are you a disabled farmer? Yes ☐ No ☐

If yes, provide the date your disability began: _____

3. Are you are a surviving spouse of a farmer? Yes ☐ No ☐

If yes, were you retired on the date of your spouse's death?

Yes ☐ No ☐

4. How was farm real estate operated? (check one):

By taxpayer: ☐ Cash rent: ☐ Crop share: ☐

If crop share, was the income reported on federal form 4835?

Yes ☐ No ☐

If crop share, was the income subject to self-employment tax?

Yes ☐ No ☐

PART 3: SALES OF BUSINESS

1. What types of assets were sold? _____

Fair market value of assets sold: \$ _____

2. What types of assets were NOT sold? _____

Fair market value of assets NOT sold: \$ _____

3. What were the duties of the owner(s)? _____

4. Was gain reported under IRC Section 331 or 338? Yes ☐ No ☐

PART 4: SALE OF CATTLE / HORSES AND BREEDING STOCK

1. Was more than 50% of your gross income from farming or ranching activities?

Yes ☐ No ☐

2. What types of animals were sold? _____

3. For what purpose were these animals kept? _____

PART 5: SALE OF TIMBER

1. Was gain reported under IRC Section 1231? Yes ☐ No ☐